

AR28

THE IMPERIAL LIFE ASSURANCE COMPANY OF CANADA

1968

ANNUAL REPORT FOR THE YEAR 1968 / 72nd ANNUAL MEETING



HIGHLIGHTS FROM THE ANNUAL REPORT

BENEFIT PAYMENTS in year - - - - - \$ 43,402,651
(including dividends to policyholders of \$6,929,576)

> NEW BUSINESS in the year - - - - - 331,237,680 (down)
(including a record \$274,116,091 on individual lives) See 190

BUSINESS IN FORCE, end of year - - - - - 2,578,408,751

ASSETS, end of year - - - - - 467,428,010

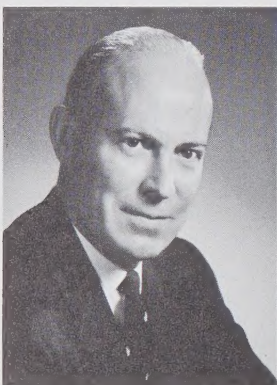
PREMIUM AND INTEREST INCOME in year - - - - 79,840,450

This is the 72nd Annual Report of The Imperial Life Assurance Company of Canada, presented to the policyholders and shareholders at the Annual Meeting at the Home Office of the Company, 95 St. Clair Avenue West, Toronto, on Wednesday, March 19, 1969.

The Directors' Report, Balance Sheet, Revenue Statement, Auditors' Report, and the reports of members of the Management Committee appear on the following pages. Lists of the Board of Directors, Officers, and of the principal offices of the Company are also included for convenient reference.



A. Ross Poyntz, F.C.I.A.
Chairman of the Board and
Chief Executive Officer



G. Kingsley Fox, F.C.I.A.
President



Paul G. Desmarais
Vice-President and Chairman of the
Executive Committee of the Board



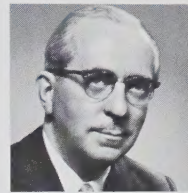
James S. P. Armstrong
London, England



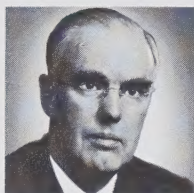
John B. W. Carmichael
Toronto



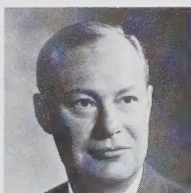
Frank E. Case
Montreal



Maurice Germain
Montreal



J. Douglas Gibson, O.B.E.
Toronto



Lawrence G. Greenwood
Toronto



William C. Harris
Toronto



Maxwell W. Mackenzie, C.M.G.
Como, P.Q.

BOARD OF DIRECTORS



Walter S. Owen, Q.C.
Vancouver



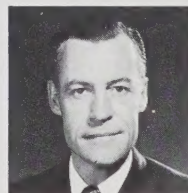
Jean Parisien, C.A.
Montreal



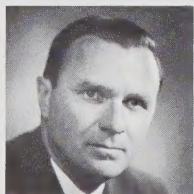
T. O. Peterson
Winnipeg



John G. Porteous, Q.C.
Montreal



Renault St-Laurent, Q.C.
Quebec



G. Harry Sheppard
Toronto



W. Dent Smith
Toronto



The Rt. Hon. Lord Thomson
of Fleet, London, England



Donald J. Wilkins
Toronto

THE IMPERIAL LIFE ASSURANCE COMPANY OF CANADA

ANNUAL REPORT OF THE DIRECTORS

Your Directors take pleasure in submitting their Report for the year ended December 31, 1968.

NEW BUSINESS. New policies in the year amounted to \$331,237,680, which included a record \$274,116,091 on individual lives and \$57,121,589 of group life insurance and annuities. These policies produced yearly premiums of \$5,358,256 on individual lives and \$1,625,053 from group coverages.

BUSINESS IN FORCE. The year ended with \$2,578,408,751 of life insurance in force, including \$840,350,961 of group life insurance and annuities in addition to health insurance contracts with yearly premiums of \$5,728,193.

INCOME. Premium income amounted to \$53,983,458 and net interest, dividends and rents to \$25,856,992 after deduction of all investment expenses.

BENEFIT PAYMENTS. Payments to policyholders and beneficiaries during 1968 aggregated \$43,402,651 including \$6,929,576 in dividends to the holders of participating policies. Death claims amounted to \$10,658,955.

ASSETS. The assets of the Company amounted to \$467,428,010. The net rate of interest earned in 1968 was 6.04%.

INSURANCE AND ANNUITY LIABILITIES. The total of the reserves for insurance and annuity liabilities, including reserves for segregated investment funds is \$337,500,758 which is greater than governmental requirements.

SURPLUS FUNDS. The very satisfactory ratio of surplus funds to total liabilities has been maintained and the Directors have authorized a continuation of the current scale of dividends to policyholders to June 30, 1969.

Sincere thanks are extended to the members of the Company for their diligence and efficiency in their achievements during 1968.

Toronto, Canada.
January 29, 1969.

On behalf of the Board,
A. ROSS POYNTZ
Chairman of the Board and Chief Executive Officer

**THE IMPERIAL LIFE
ASSURANCE COMPANY
OF CANADA**

Incorporated under the laws of Canada

BALANCE SHEET

as at December 31, 1968

(with comparative figures at December
31, 1967 as restated)

ASSETS	1968	1967
Bonds and debentures:		
Government - - - - -	\$ 62,880,666	\$ 61,917,981
Municipal - - - - -	19,247,049	20,590,236
Public utility, industrial and other bonds	78,503,528	78,686,088
Preferred and common stocks - - - -	48,209,310	41,908,939
First mortgages on real estate - - - -	182,961,893	176,748,296
Loans to policyholders, fully secured by the cash value of policies of this company	24,912,594	22,193,973
Real estate (at cost less amounts written off):		
Properties held for investment - - -	15,819,621	16,264,360
Home office and branch office premises	9,911,973	9,561,461
Segregated investment funds' assets—at market value - - - - -	12,527,429	8,507,816
Cash on hand and in banks - - - -	3,307,443	1,991,711
Premiums in course of collection - - -	2,882,927	2,943,411
Accrued investment income - - - -	4,150,372	3,864,857
Other assets - - - - -	2,113,205	1,615,081
	<u>\$467,428,010</u>	<u>\$446,794,210</u>

On behalf of the Board

A. ROSS POYNTZ, *Chairman of the Board and Chief Executive Officer*

G. KINGSLEY FOX, *President*

PAUL G. DESMARAIS, *Vice-President*

LIABILITIES

	1968	1967
Present value of liabilities under assurance and annuity contracts - - - - -	\$324,973,329	\$318,606,731
Policy proceeds, dividends and other amounts on deposit - - - - -	42,822,431	42,608,895
Present value of liabilities under company retirement funds - - - - -	19,879,165	18,350,067
Asset valuation, currency stabilization and business development reserves (note 2)	10,100,000	4,300,000
Segregated investment funds' liabilities to policyholders - - - - -	12,527,429	8,507,816
Provision for dividends on policyholders' shares - - - - -	7,128,800	7,128,800
Policy claims in course of settlement and provision for unreported claims - - - - -	6,258,661	6,267,685
Taxes and other amounts due and accrued	2,615,015	2,552,279
Other liabilities and reserves - - - - -	877,925	812,234
	<u>\$427,177,255</u>	<u>\$408,841,033</u>

CAPITAL AND SURPLUS

Capital Stock - - - - -	\$ 1,000,000	\$ 1,000,000
Shareholders' surplus - - - - -	1,023,447	995,003
Surplus funds (note 3) - - - - -	38,227,308	35,958,174
	<u>\$ 40,250,755</u>	<u>\$ 37,953,177</u>
	<u><u>\$467,428,010</u></u>	<u><u>\$446,794,210</u></u>

NOTES

1. Sterling block items are translated into Canadian dollars at \$2.57 (1967 was originally \$2.80). The 1967 balance sheet figures have been restated to reflect the reduction in assets of \$6,286,224 and liabilities of \$5,929,076. The revenue statement figures for 1967 have not been restated to reflect this currency change and, therefore, are not directly comparable to the 1968 figures.
United States dollars and related items are translated at \$1.07 (1967—\$1.00). The 1968 change increased assets by \$1,475,855 and liabilities by \$959,301.
2. Asset valuation, currency stabilization and business development reserves have been increased by the application of actuarial reserves released by revaluation.
3. Surplus funds now include \$8,750,000 which was formerly shown as contingency and investment reserve.



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THE IMPERIAL LIFE ASSURANCE COMPANY OF CANADA

REVENUE STATEMENT *for the year ended December 31, 1968*

(with comparative figures for 1967)

REVENUE	1968	1967
Premiums - - - - -	\$ 53,983,458	\$ 52,676,649
Interest, dividends and rents after deduction of investment expenses - - - - -	25,856,992	25,136,676
Gain on currency translation—(note 1) - - - - -	516,554	—
Net profit on security transactions - - - - -	—	283,931
	<u>\$ 80,357,004</u>	<u>\$ 78,097,256</u>
THIS REVENUE WAS USED FOR		
Death claims - - - - -	\$ 10,658,955	\$ 10,573,272
Disability and health insurance claims - - - - -	4,199,322	3,924,656
Matured endowments - - - - -	6,172,985	5,547,918
Annuity benefits - - - - -	1,902,714	1,770,686
Voluntary termination benefits - - - - -	13,539,099	12,986,433
Addition to funds held for future payments to policyholders -	11,540,181	13,146,441
Amounts credited to funds on deposit and company retirement funds - - - - -	3,277,180	3,150,134
Commissions, branch office and agency expenses - - - -	11,221,022	10,122,988
Operating expenses - - - - -	6,810,637	5,440,512
Taxes, licenses and fees - - - - -	1,249,281	1,258,117
	<u>\$ 70,571,376</u>	<u>\$ 67,921,157</u>
Dividends paid and added provision for dividends to policyholders - - - - -	\$ 7,018,050	\$ 7,130,125
Dividends to shareholders - - - - -	470,000	430,000
Increase in shareholders' surplus - - - - -	28,444	26,186
Increase in surplus funds - - - - -	2,269,134	2,589,788
	<u>\$ 9,785,628</u>	<u>\$ 10,176,099</u>
	<u>\$ 80,357,004</u>	<u>\$ 78,097,256</u>

AUDITORS' REPORT

To the Policyholders and Shareholders of
The Imperial Life Assurance Company of Canada

We have examined the balance sheet of The Imperial Life Assurance Company of Canada as at December 31, 1968 and the revenue statement for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

The liabilities under assurance, annuity and company retirement fund contracts are stated at the amounts certified by the company's Actuary. The bonds and stocks in the aggregate are shown at values less than those authorized by the Canadian and British Insurance Companies Act.

In our opinion, with the foregoing explanations, the accompanying balance sheet and revenue statement present fairly the financial position of the company as at December 31, 1968 and the results of its operations for the year then ended.

Toronto, Canada, January 27, 1969.

THORNE, GUNN, HELLIWELL & CHRISTENSON
Chartered Accountants

SUCCESSFUL OPERATIONS IN YEAR REPORTED BY COMPANY OFFICIALS

REPORT OF C. T. HACKETT, VICE-PRESIDENT AND GENERAL MANAGER FOR GREAT BRITAIN



1968 was yet another disappointing year for Britain, but a very successful one for the life assurance industry in general and The Imperial Life in particular.

The first few months of the year were over-shadowed by the certain knowledge that the March

Budget would contain proposals for substantial increases in taxation designed to reduce domestic consumption so that the resources thus hopefully released could be diverted into the export drive.

The major surprise in the March Budget for the life assurance industry, however, was not the extra taxation, but new and far-reaching legislation which heralded radical changes in the Government's attitude to income tax relief on life assurance premiums and to the writing of policies designed to avoid or to mitigate the impact of Estate Duty. The main object was to close loopholes in the previous rules which had led to the mass marketing of policies specially tailored to take advantage of them. Unfortunately, the legislation had the initial effect of disqualifying for tax relief premiums on a wide range of perfectly innocent policies.

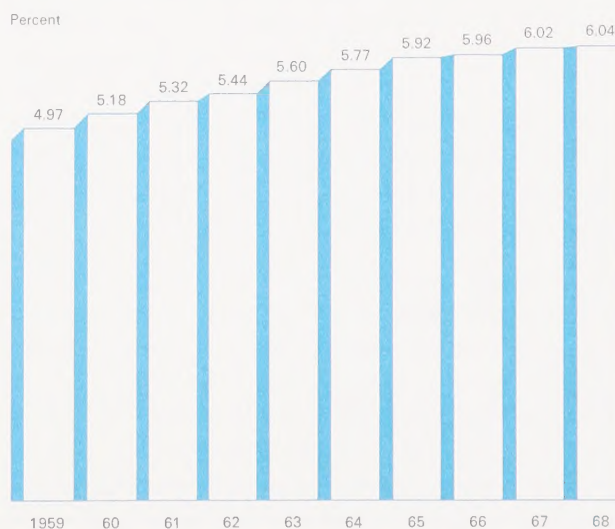
It will be appreciated that these proposals caused great anxiety throughout the British organization and had a most unsettling effect upon our field force. However, as the full implications of this complicated new legislation became less obscure and, as a result of amendments accepted by the Government and negotiations between the life assurance industry and the tax authorities, the position slowly improved and by July, when the Finance

Act became law, our worst fears had been removed and the present position is reasonably satisfactory.

It is against this discouraging and disruptive national background that our domestic activities have to be reviewed and it is all the more gratifying, therefore, to report that 9,246 new Individual Life policies were sold for premiums totalling £788,873 representing gains over 1967 of 13.8% and 16.8% respectively. In the Health Insurance field, we had a particularly successful year, selling 1,105 policies for premiums of £31,848. We were 122.8% up in number of sales and 134.6% in premiums. Our constant efforts to increase our representation and in this way stimulate faster growth of new business met with success in 1968 in the form of a substantial addition to the strength of our sales force.

In November we started to market a new equity-linked policy called The Imperial Life Growth Plan.

NET RATE OF INTEREST EARNED



Our entry into this new field was preceded by a very great deal of careful thought and research over a lengthy period. That this paid handsome dividends has been proved by the large number of sales made in the short time since we started to sell the Growth Plan. We are confident that it will provide a powerful boost to 1969 sales. Growth Plan premiums purchase units in a Separate Asset Fund which consists of investments in British equities—although the Company has discretion to vary the investment policy as and when it thinks fit.

In an era of sharply rising costs, additional staff members are obviously not recruited unless they are absolutely necessary. However, the growth of our business in Britain in 1968 did necessitate a further increase in our strength which, numerically, was up 15% as compared with a year ago.

The excellent results achieved in what was an extremely worrying and difficult year, reflect the greatest credit on all members of the Company in Britain.

REPORT OF M. R. HAMILTON, AGENCY VICE-PRESIDENT



Individual Life and Health yearly premiums from the four areas in which we do business—Canada, Great Britain, Southern Branches and the United States—totalled over \$5,358,000, representing a gain of 8%. Group sales amounted to \$1,625,000 of premiums.

While this total was lower than

1967, the year in which we had our largest total of Group sales in the history of the Company, this decrease was due to the fact that some very large Group sales in 1967 were not repeated in 1968. The Group premium total was divided as follows: Group Life — \$395,000; Group Pension — \$288,000 and Group Health — \$941,000.

Total new sales from a volume standpoint amounted to over \$331,000,000. The volume and the gain in Individual Life were higher than any previous year. Gain in business in force raised the total in force figure to \$2,578,408,000.

The Presidency of the top production club in Canada, the South and U.S.A.—The President's

Club—was earned by Mr. Norman Cowan, Toronto Bay Street Branch and the Vice-Presidency by Mr. T. Campeau, Winnipeg Branch. In Great Britain, Mr. D. Baker of Central London Branch achieved the position of Honorary President, Mr. D. M. Burnard of Haymarket, the Presidency and Mr. T. Denver, Haymarket, the Vice-Presidency.

Leading producer of Individual Life premiums in 1968 was Mr. H. A. Pauley of the Montreal Bonaventure Branch. Mr. Don B. Jarvis of the Ontario Central Region was the top producer of Group premiums for the year.

The Manpower Development Trophy which represents the highest managerial award for agency manpower establishment in Canada, the South and U.S.A. was won by Mr. Whitney Pinder of the Nassau Branch. The winner in Great Britain was Mr. J. Trimble of the Manchester Branch.

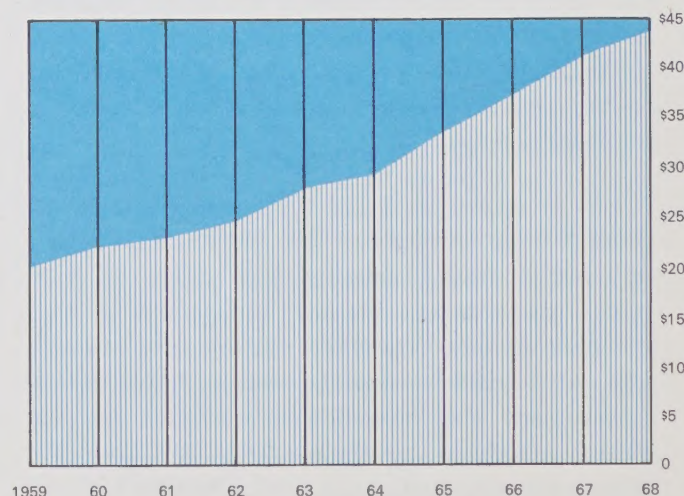
During 1968 three new branches were opened, one of these in Great Britain located in London and two in the United States in Flint and Detroit, Michigan.

Continued emphasis was placed on improving the qualifications of sales representatives of the Company through their active participation in the various courses of training which the Company and industry provide.

The sales results achieved in 1968 would not have been possible without the full support and co-operation of the Branch Managers, Sales Representa-

BENEFIT PAYMENTS IN YEAR

including dividends to policyholders (in millions of dollars)



tives, Group Managers and Group Representatives of the Company. To all of them, congratulations for their outstanding contribution during the year.

REPORT OF W. D. PATTERSON, ACTUARIAL VICE-PRESIDENT



The Company's mortality experience both on Individual and Group policies in 1968 was very satisfactory, the strain being a lower percentage of the amount forecast than the favourable results obtained in 1967.

Under Group Health Insurance policies claims rates and expense rates rose and, although investment income also increased during the year, the net result was a small reduction in surplus, after providing for an increase in the contingency reserve.

Morbidity under Personal Health Insurance policies continued at a satisfactory level. A profit was again experienced even though expense rates rose as a consequence of the expansion in new sales which followed the changes early in the year to lower premiums.

Improvement continued in investment earnings but expense rates rose during the year. In particular, tax rates were raised in most countries in which the Company is active, and the year closed with the Canadian Federal tax picture unsettled but undoubtedly moving to a considerably higher level for 1969.

The Company's dividend scales had been increased every year from 1959 to 1968. The 1968 scale is being continued for the first half of 1969.

The rates at which dividends and the proceeds of policies left on deposit will accumulate are also being continued unchanged. The effective rates of interest applied under these arrangements vary according to the currencies applicable under each contract, and in each case will continue to rank among the highest being used by life insurance companies.

After taking into account the amount needed in 1969 for dividends to policyholders and the amounts required for the Company's development programmes, the results for the year maintained the Company's satisfactory level of surplus funds.

REPORT OF R. A. PERIGOE, FINANCIAL VICE-PRESIDENT



Company assets increased \$20,633,800 during 1968 and now amount to \$467,428,000. Bonds and debentures comprise \$160,631,000 and are now 36.0% of invested assets. Stocks increased by \$6,300,000 to \$48,209,000 and are now 10.8% of invested assets. Mortgages now total \$182,962,000 which is an increase of \$6,214,000. During the year, disbursements of new mortgage funds were \$19,801,000 at an average interest rate of 8.54%.

Our total investment in Real Estate, which includes Head Office and branch office buildings, is now \$25,731,000. This is exclusive of our investment in the shares of companies whose primary role is the development, management and ownership of real estate.

We again report that using Government values, our resulting valuation total is substantially in excess of the value at which the same securities are carried on our books.

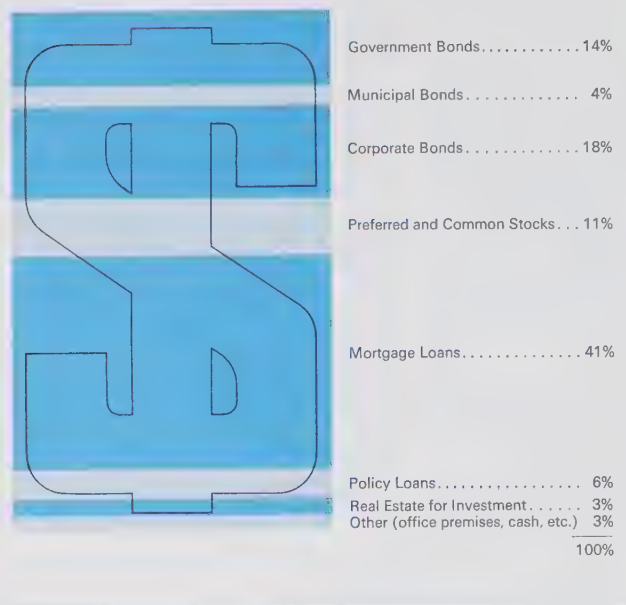
It has become evident that life insurance companies must expand the band of contracts and services they can offer the public if they are to continue to attract the same proportionate amount of the community's savings. Our Segregated Investment Funds represent a development of this kind. We offer a choice of a Bond Fund, an Equity Fund and a Mortgage Fund. Segregated Investment Funds increased \$4,020,000 during the year and now amount to \$12,527,000. The Unit Value in the Equity Fund increased 32.9%.

We have set up a Segregated Investment Fund in Great Britain as a result of our introduction of the Imperial Growth policy. This plan has already met with ready acceptance so we are looking to a steady growth in this fund.

Policy loans increased somewhat during the year. The total now is just under \$25 million.

Our net interest rate showed a modest increase to 6.04%. Extraordinary expenses in connection with the preparation for and leasing of our downtown Toronto properties exerted a restraining pressure on

HOW INVESTED ASSETS ARE DIVERSIFIED



this result. A good measure of success in renting space in these buildings with satisfactory leases has been achieved. For a number of reasons, subject to the incidence of new taxes, we are expecting a good increase in our net earned interest rate in 1969.

It was necessary during the year on more than one occasion to review and re-assess our investment plans and programme. 1968 was a year of rising interest rates. Conventional mortgage rates began the year in the 8½%-9% range and ended the year in the 9½%-10% range. Long term Canada bonds closed the year with yields of 7.20% which was an increase of .60% over the corresponding opening yield of 6.60%. Corporate bonds showed a yield increase during the year of .77%. Despite the high rates, there was no lack of demand for funds.

Although there would seem to be an increasing awareness by governments of the need for restraint in spending, it is difficult to forecast any real drop in interest rates in view of the continued international monetary problems, a probable increase in business demands for long term funds and the reduction in supply of such funds.

One of the major difficulties facing us in investment planning for 1969 is the assessment of the implications of the new tax regulations. It would appear that our emphasis will be directed towards stocks and real estate.

Stocks should continue to perform well due to the expectation of continued good profits, the contin-

ued foreign interest in Canadian stocks and an increasing institutional demand for equity investments.

During the year we arranged with M.E.P.C. Canadian Properties Limited to acquire their interest in Impco Properties Limited, which we now own outright.

We moved closer during the year to a balance between assets and liabilities in local currencies in the Caribbean area and The Bahamas.

Mortgage collections have been good. Payments in arrears for 30 days or more represent less than 1/100 of one per cent of the total investment.

1968 was a very good year from an economic point of view. In Canada, Gross National Product rose by close to 8%. Although price inflation continued at a 3½% rate, real output increased by almost 4½%, well above the 2½% rate of 1967.

1969 should also be a good year with strong growth in consumer and capital spending. The great need for housing will encourage large expenditures for residential construction.

REPORT OF J. C. SMITH, ADMINISTRATIVE VICE-PRESIDENT



It is universally recognized that the people who work for a company are its most valuable asset. This is certainly so in The Imperial Life which owes its profitable growth and reputation to the loyalty, dedication and skills of many men and women.

At the end of 1968 the office staff of The Imperial Life numbered 1,107. Of these, 602 were employed in Head Office in Toronto, 190 in the Company's Chief Office in Great Britain, 207 in branch offices in Canada and 108 in branch offices in Great Britain, the United States and the South. The total of 207 for branch office staff in Canada, when compared with the 1963 figure of 223, reflects the improvement in our systems. The 108 branch office staff employees in Great Britain, the United States and the Southern branches indicate the rapid expansion of the Company's operations in these areas.

The life insurance industry is increasing in complexity almost daily. The Imperial Life is an important

member of the industry and has established long term plans for further development and growth. All these factors make for an atmosphere in which the training and education of our personnel are of great significance. During the year 1968 several training courses were conducted within the Company for supervisory personnel, and many members of the staff participated in other educational programmes in the industry.

In 1968 the rate of turnover of employees dropped sharply in the case of Head Office staff. Although the rate for branch office staff showed an increase over the previous year, it continued to compare favourably with the rest of the industry.

The report for the year 1967 contained a reference to a programme of modernization of space and elevators in the buildings formerly occupied by the Company on Victoria Street in Toronto. Significant and visible progress has been made in this project, and a high proportion of the available space in these buildings has now been leased.

Within an industry in which change is itself becoming routine, the area of office systems and procedures was of special interest in 1968. Our "third generation" I.B.M. 360 computer system was further developed and will soon enable us to obtain information immediately from any one of the 258,000 sets of Individual Life and Health policy records which will be maintained in our electronic files. The conversion of our Individual Life policy records to the new sys-

tem is reaching the testing stage, and it is expected that we shall be operational in this area in 1969. We are confident that this sophisticated system will meet its chief objective—that of quickly providing the information we need to give better service to policyholders and beneficiaries through our agents and branches.

REPORT OF G. KINGSLEY FOX, PRESIDENT



The Company's operating results for 1968 reflect another year of satisfactory progress for the Company. A good volume of new business was written and some impressive production records were established. The Company's long term expansion and development programmes in the

United States and Great Britain continued to move forward well ahead of objectives.

The financial results for the year were satisfactory.

The combined revenue from all divisions of the Company's operations amounted to \$80,357,000. The increase in revenue in comparison with the preceding year, after taking into account a reduction of approximately \$1,000,000 due to revaluation of sterling block currencies, was slightly in excess of \$3,000,000.

A particularly favourable feature of the operating results for the year was the mortality experience. Death claims for the year amounted to \$10,659,000 which is well below the level that would normally be expected.

Benefit payments represent the most important aspect of life insurance in action. Disbursements in this category in 1968 amounted to \$43,402,000, bringing the total amount paid to policyholders and beneficiaries during the last ten years to \$304,123,000. This substantial sum represents an important contribution to the financial stability and well-being of the communities and the people we serve.

The level of expenses continued to rise during the year as the pace of development and expansion increased. Funds for investment in future growth are being applied in accordance with a carefully controlled long term plan, and expenditures in this category to date have been maintained within the prescribed budget.

ASSETS assuring fulfilment of obligations



It is anticipated that the first major phase of the electronic data processing development programme will be completed during 1969. The completion of this programme will reduce expenses in the research and development area and should lead to lower unit costs in the operating departments.

Budgeting procedures are being strengthened to provide a more effective control of operating costs. This improvement can now be made by utilization of our newly expanded computer facilities.

During the year several factors combined to moderate the rate of growth in assets. There was a reduction in income from single premium business and the rate of withdrawals from policyholders' deposit funds was above normal. Other inhibiting factors were the prevailing high level of investment in development expenses and some non-recurring disbursements in connection with the Company's real estate investment portfolio. The growth in assets for the year, after allowing for currency adjustments, was \$20,634,000 which is a satisfactory gain in the circumstances which prevailed.

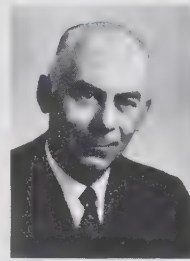
The quality of the Company's invested assets is exceedingly high. None of the securities making up our total of \$160,000,000 in bonds and debentures is in arrears or default, and the fact that mortgage payments in arrears represent less than one one-hundredth of one-percent of the Company's total mortgage investment is impressive evidence of the quality of this important segment of the investment portfolio.

It is gratifying to report that a satisfactory level of surplus was maintained during the year and that there was a further improvement in the margin of safety provided by the Company's surplus funds.

Surplus funds now amount to \$38,227,000. This safety margin has increased by \$24,726,000 during the last ten years. The strong surplus position of the Company is indicated by the ratio of surplus funds to total assets. This ratio has now reached a high point of 8.2%, having risen from a ratio of 5.2% ten years ago.

1968 was in many ways a difficult year for the life insurance industry. The significant progress made by the Company during the year under the prevailing conditions is a tribute to the many capable and talented Company members who contributed to the favourable results that are recorded in this Report.

REPORT OF A. ROSS POYNTZ, CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER



Since our last Annual Meeting, Mr. William M. Currie resigned from our Board because of his assumption of new duties in Vancouver. Mr. Currie was a very interested Director and we appreciate the assistance and good counsel that he has given us while a member of our Board.

The vacancy was filled by the appointment of Mr. Lawrence G. Greenwood, President, Canadian Imperial Bank of Commerce. We were very pleased to have him join our group of Directors.

The most important event in 1968 for life insurance policyholders in Canada was the Federal Budget in October. About 11 million Canadians were suddenly faced with a new tax bill. It was no less significant than if income tax rates had been increased again and had also been imposed on a very large group of Canadians who were not, before that time, required to pay income tax. This was not the way it was viewed at the time, and this is probably not the general conception even yet. The attitude in Parliament, as well as in the country at large, seemed to be one of approbation because of the mistaken impression that at last some very large corporations were at the end of their "free ride". It is true that prior to October 22, 1968, the policyholders of life insurance in Canada had had favourable tax treatment. But if by corporations we mean shareholders, this was not true. The small shareholder interest in Canadian life insurance had long borne the full weight of corporation income tax on earnings transferred to shareholders' account. Hence the new tax burden falls nowhere else but on the country's millions of policyholders.

The world's best insured nation, Canada has found the cost of its life insurance steadily decreasing in the post-war years. This was surely a most unusual and beneficial trend when related to the prices of other elements in the cost of living, in its broadest sense. In the future the cost of life insurance will still provide good value in its essential purposes, but the cost will be higher than it otherwise would have been.

The real element of surprise was not that new taxes were levied on Canadian policyholders, but in the manner in which it was done and in the magnitude of the new tax load.

Tax reform has been expected. For some time there have been intentional and unmistakable signals from Ottawa that we should expect sweeping measures of tax reform in 1969. We had reason to assume that new taxation of our business would be included in draft bills for discussion when measures of tax reform were introduced. It was strongly implied that the new measures would be negotiable before actually becoming law. Whatever optimism the tax payers may have, in the approach of general taxation reform, must surely be dimmed by the action of the Minister of Finance with respect to the life insurance companies. We were not presented with negotiable draft bills, we were presented with Budget resolutions which are understood to be a firm commitment of the Federal Government's intention to impose heavy taxation on Canadian life insurance in the manner spelled out in the resolutions.

It is well known that the life insurance industry plays a dual role. It provides guaranteed family protection and retirement benefits, also it accumulates large sums of investment capital. The industry is not jeopardized in continuing to play this dual role in the future. But the new taxation plays a dual role too. It will make the cost of benefits higher than it otherwise would be, and it will make it more difficult for the companies to maintain the prevailing scale of

growth of investment funds. The new taxes not only arbitrarily assign a greater portion of the available funds to the uses of the Federal Government, they may also have the effect of reducing the magnitude of the investable funds for all purposes. This cannot be described as a logical social goal. In hampering one of the most powerful providers of funds to a capital hungry country, we are forced to the conclusion that the Government's fiscal policy has not been framed for the greatest good for the greatest number.

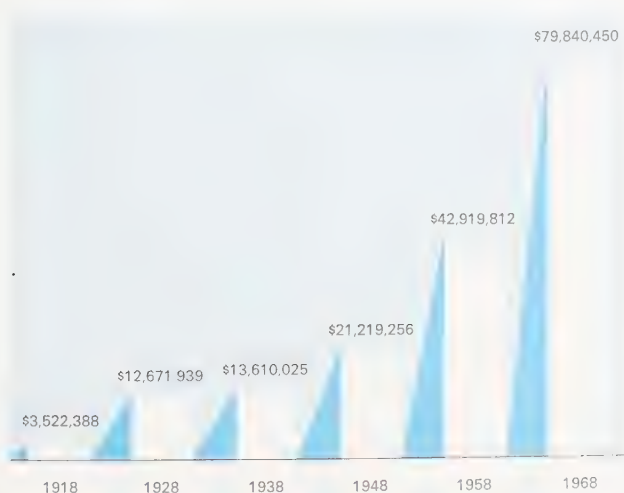
We know that there are tremendous needs for capital to finance governments, business and housing. The life insurance companies have financed more than 1,250,000 homes in the post-war years. Similarly impressive figures could be quoted for financing provided to governments and corporations. One cannot see the wisdom of hampering the institutions that are the pipelines for the flow of such substantial amounts of savings into socially and economically useful investments.

The Imperial Life, like several other Canadian life insurance companies, has international operations. These companies have carried the good name of Canada into many parts of the free world. It is important for our colleagues and policyholders outside of Canada to realize that the new Canadian taxes affect the Canadian operations only.

The successful operations of the Company in 1968 have been reported in the comments of the Vice-Presidents and the President.

We have restructured our balance sheet in preparation for what we expect the new taxation procedures will require. This involved a recalculation of a large block of our actuarial liabilities. The new standard of valuation incorporates bases which we believe can be maintained by income that is not subject to the new corporate income tax. Although these new bases are prudently strong, funds were released, which were used in the main to establish a new liability account. This account is called "Asset valuation, currency stabilization and business development reserves" and the total figure is \$10,100,000. As it contains a large element which can be maintained from pre-tax earnings to protect against adverse fluctuations of asset values, we have merged our former Contingency and Investment reserve, amounting to \$8,750,000 with our Surplus funds. These funds were also increased during the year by \$2,269,000 thus maintaining the very strong ratio of surplus funds to total liabilities.

INCOME IN YEAR FROM PREMIUMS, NET INTEREST,
DIVIDENDS AND RENT



OFFICERS

A. ROSS POYNTZ, F.C.I.A., *Chairman of the Board and Chief Executive Officer*

G. KINGSLEY FOX, F.C.I.A., *President*

PAUL G. DESMARAIS, *Vice-President and Chairman of the Executive Committee of the Board*

CLIFFORD T. HACKETT
*Vice-President and General
Manager for Great Britain*

MILTON R. HAMILTON
Agency Vice-President

W. DONALD PATTERSON, F.C.I.A.
Actuarial Vice-President

ROSS A. PERIGOE, C.A.
Financial Vice-President

JOHN C. SMITH
Administrative Vice-President

FRED R. COLQUHOUN, F.C.I.A.
Actuary

JAMES C. EMMETT, M.D.
Medical Director

WALLACE R. JOYCE, F.C.I.A.
Executive Officer—Underwriting

A. S. LeMESURIER
General Counsel and Secretary

A. ROSS MacDONALD, F.C.I.A.
Executive Officer—Group Insurance

JOHN H. McMEKIN, C.F.A.
Executive Officer—Investments

DAVID M. MILLYARD, F.C.I.A.
Executive Officer—Data Processing

WILLIAM G. MUNRO, F.L.M.I.
Executive Officer—Administration

JOHN B. B. PRYDE
Vice-President, U.S. Agencies

J. B. PURDY, C.F.A.
Treasurer

GRANT D. SYLVESTER, C.L.U.
Director of Canadian Agency Operations

CHESTER D. BEATTY, F.C.I.A.
Associate Actuary

F. MURRAY HALL, M.D.
Associate Medical Director

JOHN D. OGDEN, ASSOC. C.L.U.
Superintendent of Marketing

DONALD BURNS
Superintendent of Field Training

GORDON H. JOHNSON, C.A.
Taxation Officer

JOHN B. SILVESTER, F.L.M.I.
Agency Administrative Officer

LEONARD W. BUTT
Superintendent of Group Sales

ROBERT G. LEWTHWAITE, C.L.U.
Superintendent of Conservation

WILLIAM L. STANLEY
Superintendent of Agency Management Development

KENNETH M. CAMPBELL
Accounting Administrative Officer

J. DONALD McFARLANE, F.C.I.A.
Associate Actuary

ERNEST B. VANDINE, C.L.U.
Superintendent of Product Development

W. DALE COSBURN, F.C.I.A.
Associate Actuary

THOMAS A. MILBURN, F.C.I.A.
Associate Actuary

WILLIAM WILTSHIRE
Premises Administrative Officer

W. D'ARCY DOLAN
Public Relations Officer

FRANK D. MURDOCH, F.L.M.I.
Personnel Administrative Officer

E. HAROLD WYKES
Associate General Counsel

D. WALLACE BARR
Premises Officer

J. IVAN DEATH
Assistant Data Processing Officer

JOSEPH J. PIETROSKI
Assistant General Counsel

DOUGLAS R. BELL
Assistant General Counsel

WILLIAM J. HILL, F.L.M.I.
Personnel and Training Officer

GLENN R. SWANICK, F.C.I.A.
Assistant Actuary

F. LYONS BIGGAR, F.L.M.I.
Assistant Administrative Officer

ARTHUR B. LANE, F.L.M.I.
Assistant Secretary

J. LAWRIE THOMSON, F.L.M.I.
Assistant Secretary

EDWARD H. BLACHFORD
Assistant Secretary

DONALD B. MACKAY, C.L.U.
*Assistant Superintendent of
Agency Operations*

GEORGE A. TRICKEY
Assistant General Counsel

D. LORNE BLEECKER, F.C.I.A.
Assistant Actuary

ALAN D. McCONNELL
Assistant Secretary

HARTLEY E. WALDON, F.L.M.I.
Chief Cashier

FREDERICK R. BROOKS
Data Systems Officer

MISS MARY T. MEGAFFIN
Personnel Officer

PETER M. WALTER, C.F.A.
Assistant Treasurer

A. BRUCE BROWNE, F.L.M.I.
Assistant Group Administrative Officer

W. DOUGLAS MILLER, C.A.
Assistant Treasurer

MISS MARION E. WILLIAMS, F.L.M.I.
Underwriting Officer

JOHN A. B. CUDDY
Chief Auditor

GEORGE C. WILSON, C.A.
Assistant Comptroller

IN GREAT BRITAIN

CLIFFORD T. HACKETT, *Vice-President and General Manager for Great Britain*

JOHN A. KEMPTON
Resident Director of Agencies

G. LAWTON
Superintendent of Agency Development

E. A. PERCIVAL
Resident Secretary

G. K. C. RETTIE, M.D.
Medical Officer

J. NIGEL SCOTT, F.I.A.
Resident Actuary

C. W. WARD
Superintendent of Agencies

MISS E. F. HOGG
Personnel Officer

A. F. HOPPER
Special Projects Officer

D. G. PETERS, A.C.I.I.
Administrative Officer

R. H. A. WAIN
Administrative Officer

W. N. ANDERTON, F.I.A.
Assistant Resident Actuary

P. F. MEIER
Resident Solicitor

M. C. SPILLMAN
Assistant Superintendent of Agencies

R. E. WILLIAMS, M.R.C.P.
Assistant Medical Officer

PRINCIPAL IMPERIAL LIFE OFFICES

Head Office—95 St. Clair Avenue West, Toronto 7, Canada

BRANCH OFFICES IN CANADA

BARRIE, ONT.	- - - - -	Dunlop and Owen Streets	- - -	G. B. Wilson, C.L.U.
BRANDON, MAN.	- - - - -	110 Tenth Street	- - - - -	R. E. McCullough, C.L.U.
CALGARY, ALTA.	- - - - -	444 Seventh Avenue S.W.	- - -	R. D. McCorquodale
CHARLOTTETOWN, P.E.I.	- - - - -	149 Great George Street	- - - - -	
EDMONTON, ALTA.	- - - - -	10350 124th Street	- - - - -	C. C. Kuhnke
EDMONTON, ALTA.	- - - - -	One Thornton Court	- - - - -	R. N. Fox, C.L.U.
HALIFAX, N.S.	- - - - -	1535 Dresden Row	- - - - -	C. W. P. Crookshank
HAMILTON, ONT.	- - - - -	15 King Street W.	- - - - -	J. J. Shields, C.L.U.
KINGSTON, ONT.	- - - - -	295 Brock Street	- - - - -	J. M. Ferguson, C.L.U.
KITCHENER, ONT.	- - - - -	305 King Street W.	- - - - -	J. B. Glover, C.L.U.
LONDON, ONT.	- - - - -	291 Dundas Street	- - - - -	M. P. Hughes, C.L.U.
MONTREAL, P.Q.	- - - - -	612 St. James Street W.	- - - - -	J. B. Kane, C.L.U.
MONTREAL, P.Q.	- - - - -	625 Dorchester Boulevard W.	- - -	E. W. Tobin, C.L.U.
MONTREAL, P.Q.	- - - - -	2055 Peel Street	- - - - -	F. E. Murphy, C.L.U.
MONTREAL, P.Q.	- - - - -	50 Cremazie Boulevard W.	- - -	E. Stewart-Normans
MONTREAL, P.Q.	- - - - -	625 Dorchester Boulevard W.	- - -	Ian Macaulay, C.L.U.
MONTREAL, P.Q.	- - - - -	625 Dorchester Boulevard W.	- - -	H. K. Kay
NORTH BAY, ONT.	- - - - -	359 Fraser Street	- - - - -	J. H. Mitchell, C.L.U.
OSHAWA, ONT.	- - - - -	52½ Simcoe Street N.	- - - - -	H. W. Killam
OTTAWA, ONT.	- - - - -	215 McLeod Street	- - - - -	L. C. Pelle
PENTICTON, B.C.	- - - - -	304 Martin Street	- - - - -	W. H. Gerwing
PORT ARTHUR, ONT.	- - - - -	8A Cumberland Street N.	- - - - -	J. C. Vandergrift
QUEBEC, P.Q.	- - - - -	350 Boulevard Charest E.	- - - - -	C. S. Gourdeau, C.L.U.
REGINA, SASK.	- - - - -	2002 Victoria Avenue	- - - - -	W. H. Kamineski
ST. CATHARINES, ONT.	- - - - -	40 Queen Street	- - - - -	W. A. Teeter
SAINT JOHN, N.B.	- - - - -	133 Prince William Street	- - - - -	C. B. Mosher
ST. JOHN'S, NFLD.	- - - - -	351 Water Street	- - - - -	C. V. LeMessurier
SASKATOON, SASK.	- - - - -	105 21st Street E.	- - - - -	W. J. Franz, C.L.U.
SHERBROOKE, P.Q.	- - - - -	1845 King Street W.	- - - - -	E. G. Pare
TORONTO, ONT.	- - - - -	11 Adelaide Street W.	- - - - -	C. K. Swartz, C.L.U.
TORONTO, ONT.	- - - - -	44 Victoria Street	- - - - -	L. R. Franklin, C.L.U.
TORONTO, ONT.	- - - - -	130 Bloor Street W.	- - - - -	J. H. Doyle
TORONTO, ONT.	- - - - -	4800 Dundas Street W.	- - - - -	A. F. Penny
TORONTO, ONT.	- - - - -	191 Eglinton Avenue E.	- - - - -	R. C. E. Leary, C.L.U.
VANCOUVER, B.C.	- - - - -	1455 West Georgia Street	- - - - -	J. A. C. MacIntosh, C.L.U.
VANCOUVER, B.C.	- - - - -	1455 West Georgia Street	- - - - -	A. S. Fenerty, C.L.U.
VICTORIA, B.C.	- - - - -	1120 Yates Street	- - - - -	D. A. B. Hall, C.L.U.
WINDSOR, ONT.	- - - - -	374 Ouellette Avenue	- - - - -	J. M. Kane
WINNIPEG, MAN.	- - - - -	360 Broadway Avenue	- - - - -	H. C. Fardy, C.L.U.

GROUP OFFICES IN CANADA

CENTRAL CANADA REGION	- - -	44 Victoria Street	- - - - -	D. R. Eadie, C.L.U.
		Toronto, Ont.		
MONTREAL METROPOLITAN REGION	-	625 Dorchester Boulevard W.	- -	G. Prendergast
		Montreal, P.Q.		
QUEBEC-OTTAWA REGION	- - -	625 Dorchester Boulevard W.	- -	R. A. Gagnon
		Montreal, P.Q.		
ONTARIO CENTRAL REGION	- - -	95 St. Clair Avenue W.	- - - -	G. J. Hunter, C.L.U.
		Toronto, Ont.		
WESTERN CANADA REGION	- - -	1455 West Georgia Street	- - -	D. D. Kennedy
		Vancouver, B.C.		

MORTGAGE OFFICES IN CANADA

CALGARY, ALTA.	- - - - -	444 Seventh Avenue S.W.	- - -	R. R. Rowland
KITCHENER, ONT.	- - - - -	305 King Street W.	- - - - -	F. W. Coffin
MONTREAL, P.Q.	- - - - -	625 Dorchester Boulevard W.	- -	R. Cusson
OTTAWA, ONT.	- - - - -	215 McLeod Street	- - - - -	J. H. Legate
QUEBEC, P.Q.	- - - - -	350 Boulevard Charest E.	- - -	J. Castonguay
TORONTO, ONT.	- - - - -	95 St. Clair Avenue W.	- - - - -	B. G. Saunders, S.R.E.A.
VANCOUVER, B.C.	- - - - -	1455 West Georgia Street	- - -	M. A. Huel
WINNIPEG, MAN.	- - - - -	360 Broadway Avenue	- - - - -	H. Taylor, F.R.I.

BRANCH OFFICES IN U.S.A.

CLEVELAND WEST	- - - - -	21010 Center Ridge Road,	- - -	L. G. Donald, Jr.
		Rocky River, Ohio		
DETROIT NORTH	- - - - -	23855 Northwestern Highway,	- -	R. R. Gaunt
		Southfield, Michigan		
FLINT	- - - - -	801 S. Saginaw Street, Flint,	- - -	J. A. Vierheilg
		Michigan		
LOS ANGELES SOUTH	- - - - -	777 South Main Street, Orange,	- -	J. N. Rodgers, C.L.U.
		California		
SAN DIEGO	- - - - -	2550 Fifth Avenue, San Diego,	- -	J. L. Simpson
		California		
SAN FRANCISCO EAST	- - - - -	1615 Bonanza Street, Walnut Creek,	-	R. E. Ewart
		California		
SAN JOSE	- - - - -	675 North First Street, San Jose,	-	R. F. Baxter
		California		

OFFICES IN GREAT BRITAIN

The Chief Office for Great Britain is located at Portland House, Stag Place, London, S.W.1.

There are 28 branch offices in

LONDON, BIRMINGHAM, BRISTOL, BROMLEY, CARDIFF, CROYDON, EDINBURGH, HOVE,
KINGSTON-ON-THAMES, LEEDS, LEICESTER, LIVERPOOL, MANCHESTER, NORTHAMPTON,
NOTTINGHAM, OXFORD, PLYMOUTH, SOUTHAMPTON, ST. ALBANS AND WEMBLEY.

OTHER OFFICES

KINGSTON, JAMAICA	- - - - -	4 Duke Street	- - - - -	A. D. Sasso
NASSAU, BAHAMAS	- - - - -	Debian House, Collins Avenue	- -	J. W. Pinder
PORT-OF-SPAIN, TRINIDAD	- - -	2 Frederick Street	- - - - -	C. F. C. Rooks

The Annual Meeting of the Company is held at 2.30 p.m. on the third Wednesday in March. Each person who has contracted for and holds a participating policy may attend and vote in person or by proxy at meetings of the Company. Proxy forms may be obtained on written request to the Secretary.

